



Success Story

Release Date: July 6, 2004

Contact: Jim Hightower (404) 331-0100, ext. 215

Release Number: 04-27

Internet Address: <http://www.sba.gov/ga/>

SBA 7(a) Loan is Critical To Marietta School's Survival

For some entrepreneurs, the SBA's 7(a) Loan program, with better than average payback terms, can play a critical role in the survivor of their small businesses.

A case in point is Pathways Academy, a small school for dyslexic children in Marietta. Alice Fuller, the owner-founder of the school, was facing a deadline on the lease-purchase option she had on the school property including nearly an acre of land. And without a substantial loan, she faced losing the property as well as the five-year old school she had built to serve the special needs of young children.

"I was within months of losing my lease option two years ago on the property and my school," said Ms. Fuller.

Fortunately, the newly appraised value of the property was about doubled what it had been in 1997 when Fuller obtained her lease/option to buy the site near Sandy Plains Road. The property's higher value meant greater collateral for her loan and made the numbers work in her favor as far as the bank was concerned.

The ball started rolling on the loan when Fuller met with Kathy Bisch, a loan officer at Colonial Bank in Cobb County. Since she needed help with the paperwork, Bisch referred Fuller to Doug Hood and his firm, Rainmaker Capital Corporation, to help her prepare the loan package.

With Hood's assistance, Fuller was able to get a \$440,000 7(a) loan from Colonial Bank with payments spread over some 20 years. "The loan process went very well," said Fuller. "And I'm thrilled with the terms."

The bank was happy since 75 percent of the loan was guaranteed by the SBA to encourage it to make the loan to Fuller and her school.

Fuller's extended repayment terms will help generate more positive cash flow for the school, funds that can be used to support future improvements and expansion. In addition to buying the property, the loan helped Fuller buy out two investors in the schools which has 14 full-time employees and five other support staff.

When Alice and her husband, Doug, first leased the school property it was being used to house several small businesses. The structure had been built as a day-care center about 20 years ago. Fuller noted that during the school's first year of operation, they put about \$100,000 into the building for upgrades including those needed to meet municipal codes for a school.

Dyslexic children are bright but they have difficulty with certain skills that involve reading, writing or spelling. Fuller said she gained a lot of knowledge about the educational needs of these type children when she was a secretary for over seven years with a school for dyslexic children in Atlanta.

“I saw the results the school had with these children and I knew the need was growing for additional schools in this field,” recalled Fuller who has two grown sons and two grandchildren.

Fuller first started Pathways Academy in June of 1996 with three children. The students attended class in an educational room at Mt. Bethel United Methodist Church. At the end of the first year, the school had grown to 9 children and 9 more were signed up for the following year.

At the end of the 1998 school year, Pathways Academy had grown to 18 students. The school finished its 2004 school year with 55 students in first grade through the fifth, said Fuller. There are no more than 10 children in a class with a full-time teacher and one associate staffer.

The school is at its maximum enrollment, explained Fuller, unless it can be expanded. She said she is exploring the possibility of another SBA guaranteed loan to help finance a new school building at another site in Cobb County.

“Our school is filling a huge need,” she said. “Some of our parents drive over an hour to bring their children to Pathways Academy.”

Alice Fuller, owner-founder
Pathways Academy
1247 Post Oak Tritt Road
Marietta, GA 30062
770/973-5588